

Message Text

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PAGE 01 PARAMA 02448 122121Z
ACTION ARA-00

INFO OCT-00 COPY-01 ADS-00 AID-00 INR-10 EUR-00 SS-00
CIAE-00 EB-08 H-01 MMO-01 NSAE-00 COME-00 HA-08
L-03 LAB-04 TRSE-00 PM-10 PA-01 OMB-01 STR-14
SIL-01 OES-09 USIE-00 SP-02 SNP-01 PRS-01 SLPD-01
SPD-02 /079 W

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P 121210Z OCT 74

FM AMEMBASSY PARAMARIBO
TO SECSTATE WASHDC PRIORITY 2355
INFO AMEMBASSY BRASILIA
AMEMBASSY BRIDGETOWN
AMEMBASSY CARACAS
AMEMBASSY GEORGETOWN
AMEMBASSY THE HAGUE
DIA WASHDC
USCINCSO QUARRY HTS PN

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BRIDGETOWN FOR RLA, CARACAS FOR RSO

E.O. 12356: N/A
TAGS: ELAB, EFIS, PGOV, NS
SUBJECT: S.A.I.L.: UPDATE ON NEGOTIATIONS

REF: (A) PARAMARIBO 2283, (B) PARAMARIBO 2242 (C) PARAMARIBO 2170,
(D) PARAMARIBO 2109

1. (LIMITED OFFICIAL USE - ENTIRE TEXT)

2. SUMMARY: SAIL AND GOS NEGOTIATING TEAMS REACHED
AGREEMENT, WHICH COUNCIL OF MINISTERS MUST NOW APPROVE. CASTEL AND
COOKE HAS WITHDRAWN. WORKERS DEMAND, AND ARE TO RECEIVE, QUE GOLDEN
HANDSHAKE UNQTE AS BONUS PYMENT. ACTION REQUESTED: NONE. END SUMMARY
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NEGOTIATIONS CONCLUDED

3. MANAGER D'ALESSIO IN CONVERSATION WITH POLOFF OCT 11 REPORTED
THAT NEGOTIATIONS WITH GOS TEAM HAVE REACHED A SUCCESSFUL
CONCLUSION. AGREEMENT TO BE RATIFIED CALLS FOR GOS TO REPAY LOAN

AT RATE OF 25 CENTS PER KILOGRAM OF SHRIMP EXPORTED. LOAN IS TO BE COMPLETELY INTEREST FREE FOR FIRST THREE YEARS. AFTER THAT TIME, REMAINDER OF LOAN WILL BE DIVIDED WITH ONE FOURTH TO BE REPAID EACH SUCCEEDING YEAR, FOR FULL REPAYMENT AFTER SEVEN YEARS. ANY AMOUNT NOT REPAID WITHIN EACH SCHEDULED YEAR WILL BEAR INTEREST, WITH PRINCIPAL AND INTEREST TO BE REPAID AFTER SEVEN YEAR PERIOD ENDS. AGREEMENT IS NOW BEFORE COUNCIL OF MINISTERS, WHICH MUST APPROVE IT. D'ALESSIO IS OPTIMISTIC THAT THEY WILL DO SO.

FUTURE MANAGEMENT

4. GOS NEGOTIATING TEAM HAS AGREED THAT SAIL IMPORTING, SEPARATE COMPANY NOW HEADED BY D'ALESSIO, WILL ACT AS MANAGING DIRECTOR FOR NEXT THREE MONTHS, WITH POSSIBILITY FOR CONTRACT TO BE RENEWED FOR FURTHER TWELVE MONTHS. AFTER THAT TIME, SAIL IMPORTING MIGHT ACT AS MANAGEMENT CONSULTANTS. THIS MANAGEMENT AGREEMENT REPRESENTS CHANGE FROM ORIGINAL GOS PLAN TO MANAGE SAIL BY COMMITTEE (REF B PARA 7).

MARKETING IN U.S.

5. SAIL MAY CONTINUE TO MARKET SHRIMP IN U.S. UNDER OLD BRAND NAMES FOR NINETY DAYS, UNTIL EXISTING PACKAGING STOCK IS USED UP.

CASTLE AND COOKE WITHDRAW

6. CASTLE AND COOKE HAS NOW COMPLETELY PULLED OUT FROM SAIL. SAIL LIMITED OFFICIAL USE

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IMPORTING HAS OBTAINED LOCAL LOANS TO PAY SHRIMP BOATS TO BRIDGE GAP UNTIL GOS TAKES OVER.

WORKERS DEMAND GOLDEN HANDSHAKE

7. WORKERS ASKED FOR QTE GOLDEN HANDSHAKE UNQTE FAREWELL GIFT OF CASTLE AND COOKE OF SFL ONE MILLION (U.S. DOLS 5 5,000), WITH JUSTIFICATION THAT THEY HAD NOT RECEIVED RAISE IN SEVERAL YEARS. AGREEMENT BETWEEN GOS AND CASTLE AND COOKE CALLS FOR U.S. DOLS 100,000 TO BE PAID TO WORKERS, WHICH WOULD WORK OUT AS AVERAGE PAYMENT OF APPROX. SFL 1000 (U.S. DOLS 565) PER WORKER. PAYMENT WOULD BE DEDUCTED FROM CASTLE AND COOKE LOAN TO GOS.

COMMENT

8. A. AGREEMENT, IF APPROVED BY COUNCIL OF MINISTERS, AS EXPECTED, IS PROBABLY BEST FOR WHICH CASTLE AND COOKE COULD REASONABLY HOPE, AND IS NOTABLY BETTER THAN ABANDONMENT SCENARIO WHICH CASTLE AND COOKE WERE PREPARED TO ACTIVATE. D'ALESSIO HAD INDICATED TO POLOFF PREVIOUSLY THAT CASTLE AND COOKE WERE READY TO WRITE OFF LOAN (REF D PARA 3).

B. WORKERS DEMAND FOR GOLDEN HANDSHAKE IS ANOTHER EXAMPLE OF UNREALISTIC EXPECTATIONS OF SURINAME WORKFORCE. WITH MANY BUSINESSES NEAR BANKRUPTCS, WORKERS WHO ARE ABLE TO DO NO MORE THAN RETAIN JOBS ARE FORTUNATE. NEVERTHELESS, MOST WORKERS IN SURINAME CONTINUE TO EXPECT AND DEMAND PAY INCREASES, DESPITE LOW RATE OF INFLACTION, RESULTING IN REAL INCREASE IN WAGES.
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